

Message Text

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ACTION ARA-14

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E.O. 11652: N/A
TAGS: ETRD, BEXP, VE
SUBJECT: TRADE/ECONOMIC CONSULTATIONS

REF: STATE 146861

1. REINALDO FIGUEREDO, PRESIDENT OF THE FOREIGN TRADE INSTITUTE HAS BEEN OUT OF THE COUNTRY FOR THE LAST FEW WEEKS. HE IS EXPECTED BACK SOME TIME DURING THE WEEK BEGINNING JULY 17. IN THE MEANTIME HIS STAFF IS DEVELOPING A LIST OF TOPCIS FOR DISCUSSION WITH DAS ARELLANO AND A DAS FROM COMMERCE.

2. WE WILL BE IN CONTACT WITH FIGUEREDO AS SOON AS HE RETURNS TO FIX A DATE FOR A MEETING.

3. THE EMBASSY HAS NO INDICATION FOR GOV AS TO THE ISSUES THEY WILL WANT TO DISCUSS. SUGGESTED BELOW ARE TOPICS THAT WE BELIEVE WOULD BE OF INTEREST TO BOTH SIDES.

(A) IMPORT PROBLEM. VENEZUELA FACES THE CLASSICAL DEVELOPING COUNTRY DILEMMA OF EXPANDING THE ECONOMY RAPIDLY AND TRYING TO MODERATE INFLATION WITHOUT PERMITTING IMPORTS (40 PERCENT OF WHICH CAME FROM THE UNITED STATES) TO RISE BEYOND THE POINT THAT IS MANAGEABLE, GIVEN THE AVAILABLE LEVEL OF
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FOREIGN EXCHANGE RESERVES AND CURRENT DOLLAR EARNINGS FROM EXPORTS.

KB) IN ADDITION TO THE ISSUE OF IMPORTS, VENEZUELA WOULD LIKE TO DEVELOP NON-TRADITIONAL EXPORTS AND U.S. EXPERTISE IN THIS FIELD CAN BE MADE AVAILABLE.

KC) THE QUESTION OF MORE OPEN COMPETITION IN SHIPPPING AND

AVIATION. GOV IS NOT RECONCILED TO THE MORE OPEN COMPETITION BEING ADVOCATED BY THE USG. THIS HAS BEEN MANIFEST IN RECENT MONTHS BY GOV HARASSMENTS AND LACK OF COOPERATION. THIS ISSUE NEEDS TO BE DISCUSSED AN A BETTER UNDERSTANDING REACHED AT HIGHER LEVELS.

(D) U.S. ENERGY POLICY AND ITS EFFECT ON VENEZUELA, ESPECIALLY AS A SUPPLIER OF RESIDUAL FUEL OIL TO THE U.S. MARKET. HOW ARE ENTITLEMENTS GOING TO BE MANAGED? WHAT WOULD BE THE EFFECT OF MORE ALASKAN OIL REACHING THE EASTERN SEABOARD ON VENEZUELA AS A FUEL OIL SUPPLIER? HOW DOES THE U.S. VIEW VENEZUELA AS AN OIL SUPPLIER IN THE CONTEXT OF OVERALL U.S. OIL POLICY?

(3) GENERAL NORTH-SOUTH ISSUES. THE DIFFERENT PERCEPTIONS OF THE NEW ECONOMIC ORDER, RAW MATERIAL PRICES, THE DIFFERING PERCEPTIONS ON THE USEFULNESS AND THE DIRECTION OF THE OVERVIEW COMMITTEE.

KF) A REVIEW OF U.S. POLICY TOWARD LATIN AMERICA WITH SPECIAL FOCUS ON THE CARIBBEAN AND ANDEAN AREAS. HOW DOES U.S. POLICY MESH WITH VENEZUELA'S PERCEPTION OF ITS OWN ROLE AND THE ROLE IT SEES FOR THE U.S. IN LATIN AMERICA AND THE THIRD WORLD.

(G) THE EFFECTINESS OF THE TRANSFER OF TECHNOLOGY AND ITS CAST.
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(H) THE ISSUE OF FINAL SETTLEMENT OF THE NATIONALIZATION OF THE OIL COMPANIES REMAINS.

(I) PARTICIPATION BY U.S. CONCERNS IN MAJOR PUBLIC SERVICE CONTRACTS HAS BEEN VERY SMALL. THESE CONTRACT AWARDS ARE GOING TO OTHERS, NOT ALWAYS ON THE BASIS OF LOWEST BID.
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